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SUBJECT: BENIN: PRESIDENT YAYI VISITS CHINA TO BOOST TIES

REF: 05 COTONOU 927

¶1. SUMMARY: Since taking office in April 2006, President Yayi has traveled abroad extensively. The latest visit in this diplomatic offensive was an official visit to China, August 28 - September 2. Heading a delegation that included the Minister of Foreign Affairs, Minister of Finance, Minister of Agriculture and other key GOB officials, Yayi met with Chinese President Hu Jintao, the Chinese Premier and other officials and secured Chinese commitments of future aid, in both grants and loans. END SUMMARY.

¶2. During an August 28-September 2 official visit to China, Benin's President Yayi and his delegation viewed firsthand the results of China's economic and agricultural development. A key event was Yayi's working session with the President of the China National Offshore Oil Corporation (CNOOC) and his staff. Yayi urged CNOOC to engage in oil exploration in Benin, stating "I am convinced...that you will find oil in my country." (NOTE: Benin currently has a tender out for oil exploration in two on-shore and two off-shore blocks, in addition to the four off-shore blocks already under exploration, including one by U.S. oil firm Kerr-McGee. Bids for the four new blocks are due by November 30, 2006. END NOTE.)

¶3. A joint communique released at the end of the visit affirmed the two countries' commitment to increasing their cooperation in agriculture, infrastructure projects, telecommunications and energy. They also will continue to support each other on major issues of sovereignty and territorial integrity and enhance coordination in international affairs. President Yayi reiterated Benin's adherence to the one-China policy. The communique announced conclusion of several agreements related to technical, cultural and economical cooperation.

¶4. As previously reported (REFTEL), China and Benin have enjoyed healthy and stable relations since resuming diplomatic ties 34 years ago under former President Kerekou's Marxist and revolutionary regime. Two ongoing projects in Benin financed by the Chinese include:

-- construction of a new office building for the Ministry of Foreign Affairs and

-- the development of a cellular phone network for Benin Telecom, the GOB-owned fixed line monopoly.

A state-owned Chinese telecom company is implementing the latter project, which, according to Benin Telecom's director, has an estimated value of USD 60 million.

¶5. Chinese sources indicate that Sino-Beninese trade was valued at USD 1.09 billion in 2005. This represents a huge increase over 2004 figures of about USD 400 million, and makes China Benin's largest

trading partner.

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